

L E S S O N 3

The Crisis of Confederation

Five hundred angry farmers, armed with pitchforks and wooden boards, stood with their leader Daniel Shays, near Springfield, in western Massachusetts. They were attempting to intimidate the state's supreme court, which was hearing cases against farmers who could not pay their private debts and state property taxes.

It was September 1786, and the end of the war had not brought prosperity. The states were taxing the farmers heavily—in the gold and silver no one had—to pay off war debts. Turning to wealthy merchants, the farmers had borrowed the money they needed to pay their taxes. Then, unable to pay these private debts, many farmers faced having their farms auctioned off. Their many petitions for relief to the merchant-dominated state legislature in Boston had gone unanswered.

Daniel Shays had fought at Bunker Hill and Saratoga. In 1780, he had returned home to wait for payment for his military service. No payment came, and his debts piled up. He feared “the spectre of debtor’s jail always . . . close by.” Most of the men with him at Springfield were also angry veterans and, like him, were in debt.

The Massachusetts governor ordered the protesters to disband. When they refused, he called out a special militia financed by the state’s

rich merchants. Four months later, in January 1787, Shays again led his band, now over two thousand strong, to the federal arsenal in Springfield. Its defenders opened fire, killing four of the rebels, and Shays’s force fled.

The governor’s militia chased down the rebels—taking away for a period of three years their right to vote, hold elective office, and serve as jurors. By March 1787, six months after the rebellion began, it was over.

Shock waves from Shays’s Rebellion spread beyond Massachusetts. Wealthy creditors around the nation wanted protection against future armed rebellion. Under the Articles of Confederation, the national government could not supply it.



THINKING FOCUS

Why did the Articles of Confederation fail?

Key Terms

- commerce
- territory

◀ This engraving shows a group of angry farmers seizing a Massachusetts court house during Shays's Rebellion.

How Do We Know?

ECONOMICS Today, many objects from the China trade are preserved in museums such as the Peabody Museum in Salem, Massachusetts. Visitors to the museum can see the work of skilled Chinese artisans who crafted porcelain bowls and plates, jade and ivory carvings, and beautifully painted fans.



▲ This porcelain flask was made during the Ming Dynasty, 1300s–1600s. The Chinese fan carries the only image known to exist of the *Empress of China*—the ship on the far left.

■ Why did the states refuse to allow the national government to regulate commerce between states and foreign countries?

A Critical Period in Finance and Trade

Without a strong national government, each state went its own way under the Articles of Confederation. For example, trade among the states would have benefited if everyone had agreed to accept the uniform paper money of the national government. Instead, the states' paper money, each with a different rate of exchange, caused confusion and arguments. Often, currency issued by a state bank was nearly worthless and merchants would not accept it as payment for goods. Sometimes they would allow only \$0.25 for a note with a face value of \$1.00.

Congress Lacks Power

The states would not allow Congress to regulate **commerce**—the buying and selling of goods

among states and with foreign nations. In the area of commerce, the states retained complete sovereignty. When Great Britain closed its West Indian colonies to American trade, Congress had no power to retaliate by banning British ships from American ports.

Nor could Congress collect import

taxes on foreign goods. The states had kept this right for themselves. “Easy states” took trade from the others by offering lower import tax rates to importers.

Furthermore, the states resisted any plans for national taxation. Without the power to tax, the national government could not raise enough money to function effectively.

The weakness of the government under the Articles of Confederation also showed in foreign affairs. The Barbary Coast pirates had, since the 1500s, freely accepted payments in exchange for letting any merchant ships pass through the Mediterranean Sea. The pirates operated out of the region of North Africa that includes present-day Libya and Tunisia. They captured many American ships and sold their sailors into slavery. The U.S. Government was too poor to buy back its citizens' freedom and too weak to prevent such hostile acts.

International Trade Grows

Still, the new United States was able to develop trade with France, the Netherlands, and Morocco. American ships also began to travel to the markets of the Dutch and French West Indies.

A year after the Treaty of Paris ended the Revolutionary War, the ship *Empress of China* sailed from Philadelphia to Canton, China, with a cargo of cotton and fur. Its voyage opened what became known as the China trade. The China trade would become increasingly important to the United States in the 1800s. ■

Success in Land Policy

In the midst of financial chaos, the Confederation government achieved its greatest success. After two years of debate, Congress agreed on how to develop the Northwest Territory.

In 1785 Congress issued a land ordinance, a legal order subdividing the western **territories**—possessions of the United States that were not states—into pieces called townships.

Government at a Standstill

While Congress was passing the Northwest Ordinance, Americans were also attempting to strengthen the government under the Articles. Even former supporters of the Articles now admitted that the government was too weak. The states regularly ignored resolutions of the Congress. George Washington remarked that the Confederation was “little more than the shadow without the substance.”

Tax Plans Blocked

In 1783, Congress proposed a national tax based on state populations—an act for which it had no specific authority under the Articles. In addition, in 1784 Congress asked for two revisions to the Articles that would give the national government some control over commerce. In 1786, New York rejected the national tax plan. The commercial revisions did not come close to being approved.

All states had to agree unanimously on any revision of the original Articles. A single state could block change, making it difficult to come to agreement on any issue.

Reforms Attempted

James Madison, a delegate to Congress from Virginia, worked to reform the Articles. However, he could serve as a delegate for only three years. Returning to Virginia, he was elected to the state assembly in 1785. At his urging, Virginia organized a national convention on the problems of interstate commerce.

The commission chose Annapolis, Maryland, as the site. Yet when the Annapolis Convention opened in September 1786, only five states sent delegates. The few delegates who attended felt unable to proceed.

Alarmed by crises such as Shays’s Rebellion, Madison and the other Virginia delegates tried again. They enlisted the support of Alexander Hamilton, a politically minded New York lawyer and an important wartime aide to General Washington, to call another convention the following spring. The experience of ineffective government under the Articles of Confederation made it clear to more Americans that they needed a stronger national authority. Congress, therefore, authorized a convention to meet in Philadelphia in May 1787, to consider all the defects of the Articles of Confederation.

Despite the problems of this first American attempt at a national government, the Articles did serve as the first constitution of the new nation. The Articles’ greatest legacies were the victory in the Revolutionary War and the peace with Great Britain and especially Benjamin Franklin’s concept of “perpetual union.” In adopting this phrase, Congress fostered the idea that they had produced an unbreakable union out of many states —*E pluribus unum*. ■



▲ On June 20, 1782, Congress adopted the seal still used today. On the scroll in the eagle’s beak is written *E pluribus unum*—also the motto on the gold coin minted by the state of New York (page 94).

■ Find evidence to support this statement: the Confederation was an inefficient and largely ineffective government.

R E V I E W

1. **FOCUS** Why did the Articles of Confederation fail?
2. **CONNECT** According to Benjamin Franklin, Americans were “on the right road to improvement, for we are making experiments.” Why was government under the Articles a useful experiment in the long run?
3. **HISTORY** Explain how the three-step process of statehood in the Northwest Ordinance was far-sighted.
4. **CRITICAL THINKING** Why was it so difficult for Congress to move forward with its proposals for the government under the Confederation?
5. **WRITING ACTIVITY** Imagine you are a farmer in western Massachusetts in 1786 who has decided to participate in Shays’s Rebellion. Write a petition to the governor that you want to pass around to your friends to sign.